



STATE OF WASHINGTON
DEPARTMENT OF LICENSING
PO Box 9020, Olympia, Washington 98507-9020

Washington Real Estate Commission
Meeting Minutes
March 16, 2006

Opening: Vice Chairman Paul Chiles called the regular meeting of the Washington Real Estate Commission to order at 1:00p.m. on Thursday, March 16, 2006, at the Phoenix Inn, Olympia, Washington.

Members Present: Paul Chiles, Commissioner/Vice Chair
George Pilant, Commissioner
Jim Carollo, Commissioner
Alan Barnard, Commissioner
Bob Spain, Commissioner
Suki Bazan, Commissioner

Staff Present: Lee Malott, Administrator
Jerry McDonald, Assistant Administrator
Marjorie Hatfield, Secretary Administration
Linda Moran, Senior Assistant Attorney General
Art Abrahamson, Audit Manager
Sandy Spencer, Investigations Manager
Karen Jarvis, Regulatory & Enforcement Manager
Debbie Wright, Licensing Manager
Dolores Casitas, Education Manager

OPEN SESSION

A. Approval of Agenda

The agenda was approved as written and distributed.

B. Approval of Minutes

The minutes of the December 2, 2005 meeting were approved as written with following exceptions. Page 3, second paragraph, last sentence should read “Changing the draft would not be appropriate as it is ~~not~~ the work of the task force but **not** the work of the commission. Also a word change on page 7, paragraph 5, second line, mythology should have read methodology.

C. Discussion of Recommendations made from the planning session

Jerry McDonald, Assistant Administrator, brought specific recommendations agreed upon at the planning session by the Commission members.

- Consensus was reached on the Department’s recommendations to the 5th draft of the Z draft with the exception of Item #7 changing **and** to **or**. After further discussion, the motion for approval was passed.
- Consensus was reached on background checks. The Department was asked to develop parameters (by December Commission meeting) on what type of behavior would indicate possible denial, suspension or other disciplinary actions. What criteria would be used if the Commission chose to do background checks?
- Bob Mitchell and Commissioner George Pilant will provide the Department with a list of contact information on organizations and large companies. An informative letter regarding the proposed change along with a copy of the Z-Draft will be forwarded to the contacts asking for their comments.
 - Commissioner Pilant suggested that the cover letter should state this is important to you because your opportunities to market and sell properties may be changed by this proposed legislation. Commissioner Pilant indicated he would draft a letter for the targeted groups. It was suggested that Commissioner Carollo review the letter.
- Jerry McDonald will work with Bob Mitchell in developing a PowerPoint presentation for the stakeholders.
 - Paul Chiles, Commissioner, recommended that staff and the AAG’s office explore the possibility of using education fund that would go beyond the scope of using the funds for real estate licensees.
- Form a task force with staff, Paul Chiles, Bob Mitchell and Nora Leech to explore alternatives benefiting licensees using education monies.
- Department to draft changes to 18.85.040 (4) for allowing use of education funds for education of public.
- Commissioner George Pilant made a motion to send the draft brochure to Commission members for editing and coordination with the WCRER and the Department, linking these documents to the center’s website. Also a Q&A brochure developed by the Department will be printed and distributed to all active licensees. The motion was approved and seconded.

D. Staff Reports

- Dolores Casitas reporting for the Education Unit noted a significant increase in renewals with continuing education problems. Since the implementation of the core requirement in June 2004, the number of problem renewals rose sharply to an average of 174 per month compared to the normal average of 54 per month. The Education Unit is performing less CE audits due to the workload increase.
- Sandra Spencer and Karen Jarvis reported for the Disciplinary & Investigations Unit. Types of complaints have remained consistent with 2004, and those complaints were earnest money and presenting of offers. Complaints have increased slightly for the first three months of this year over the same period last year and this increase can be attributed to the very hot real estate market. A discussion involving the presenting of offers, earnest money and the forms used in the disbursement of funds ensued. A motion was made by Commission Carollo that the Commission work towards holding a meeting that would involve members of the investigative unit as well as forms providers in hopes of improving forms that would ultimately benefit consumers and licensees. The motion was seconded and carried.
- Debbie Wright reported on the Licensing Unit. Licensing has increased in all aspects. Online renewal started in December 2005 with 14 the first month and at present about 406 has registered for the month. However, despite the elimination of fees for address changes and name changes the work product remains the same. The workload has increased in other areas because of these fee changes.
- Jerry McDonald introduced the new Audit Manager, Art Abrahamson. The audit section is now fully staffed and working diligently to catch up on the backlog. The Audit Unit is in the process of developing a new scheduling program that should be working later this year. It will replace a system developed in the 1980's. The new system will give increased flexibility in assignments. The major concern in audits for 2005 is the handling of earnest monies followed by record keeping violations.
- Legal section is now at full complement. Approximately 85% of the cases have been resolved in house, which has resulted in substantial saving. During the past year the department issued 26 Statement of Charges, 16 Agreed Orders, 14 Default Orders, 6 returned to program, 12 Intent to Deny, and 8 BAPS.

E. WCRER – Glenn Crellin

- The licensee survey approved at the December Commission meeting is a work in progress. The Center mailed postcards to approximately 4,100 licensees asking them to respond to a lengthy questionnaire regarding the 18.85 draft. With the help of the student interns at the Center, the questionnaire was put in the mail on March 14th. Hopefully by the time student's return from Spring break the interns will begin logging in the responses.
- The Center is continually working on the Growth Management Study. Looking at homes affordable in 1990 and in 1995 the point where the act was implemented in most counties and comparing that data to recent sales prices of the formally affordable home or with current assessments on those homes. Because of the lack of data, the Center is looking at alternatives to improve the quality of the residential data and improve the process. It is hoped that through the summer, the Center will be able to move the study forward.

- Glenn Crellin noted that the Center decided last year to participate along with other schools in the Pacific Northwest that have real estate programs in a program called the Pacific Northwest Real Estate Challenge sponsored by NAIOP. Nine students, all undergraduates, are developing a proposal for redevelopment of a parcel in downtown Seattle. The students are dealing with numerous issues such as zoning, height restrictions etc. The students will be making their presentations to a group of judges and to the community. The students have done a wonderful job in their approach to this learning experience because it is very different from anything that has ever been made available to students before.

F. Follow up on WEB Based Education Certificate Program

At the December Commission meeting, Jerry McDonald explained the web-based education program and how providers or instructors input the information on the completion of course. This program would allow students at a later time and date to look at the information or the Department would be able to access this information. This process should relieve some of the burden on the schools, licensees, and the Department. The Commission had asked the staff to do a survey on what other states were doing in this regard. Six states reported their process. Jerry McDonald noted that the Department would like to develop a cost proposal of what this type of system would look like and what the cost would be. Jerry indicated that he would need to meet with Information Services and with their help he hoped to have a proposal to bring to the next Commission meeting.

G. WAC 308-124A-430 Update on minor changes

After some discussion on WAC 308-124A-430, a motion was made to accept the proposed changes to the existing rule. The changes will ensure the real estate examination encompasses current law and will clarify the six months validity of the passing score.

A motion was made to accept the changes as written and that the Department file a CR102. The motion was seconded and passed.

H. Budget

Lee Malott, Administrator, reviewed the budget.

- Biennial budget is under budget to date as well as projection estimates for the biennium. Cost savings are primarily due to staffing levels.
- The budget for the Real Estate Research Account indicates billings are running behind the budget.
- In the Real Estate Education account the department has not spent what was allocated. However there are still outstanding bills.

- The Real Estate Commission Fund Balance is at about 5.5m. However until we have spending authority these funds are not available. There was a lengthy discussion as to how best to utilize funds in educating the licensees. In the mean time it was suggested that staff and the Commission begin looking at a long-range plan and use of some of these funds for educating the licensee.

There being no further business the meeting was adjourned.

Respectfully submitted,

Lee Malott
Administrator